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## U.S. Joins Japan to Halt Rise Of Dollar

### Surprise Move Meant to Promote American Exports

By Carl Gewirtz and Lawrence Malkin  
*International Herald Tribune*

The United States and Japan moved Friday to drive the dollar down against the yen in a surprise joint action apparently designed to promote U.S. exports and trim Japan's.

The Federal Reserve and the Bank of Japan sold dollars in concerted intervention on currency markets, dealers said. It was the two nations' first concrete attempt to fulfill commitments to spur world economic growth through trade, which they made during President George Bush's trip to Tokyo earlier this month.

"It shows that the U.S. and Japan are prepared to use the exchange rate to limit Japan's rising trade surplus," said David D. Hale, a Chicago-based economist for Kemper Financial who is one of the prominent figures Mr. Bush has consulted recently on ways to revitalize the U.S. economy.

The Bank of Japan began the intervention overnight in Tokyo by buying 150 billion yen (\$1.2 billion). The vice minister of finance for international affairs, Hiroshi Yasuda, then said at a news conference that his ministry wanted to see a stronger yen, which should cut Japanese trade surpluses by reducing exports and making imports more competitive.

He also said Japan and the other Group of Seven industrial countries should set if currencies become unstable. The dollar has rocketed up, especially against the Deutsche mark, over the past two weeks.

The Fed joined in intervention against the dollar during the afternoon in New York, and the currency was sent tumbling by as much as 4 yen at one point. It closed more than 3 yen down at 124.45 yen, compared with Thursday's close of 128.27, and at 1,592 DM after Thursday's close of 1,617.2 DM.

The Group of Seven meets next weekend in Washington, and some dealers in New York said they thought the central banks were signaling to them to pay more attention to the meeting.

Friday's market intervention against the dollar came as the currency was already softening as a result of a U.S. government report that the trade deficit for November fell to its lowest level in eight years, partly as a result of strong exports.

Export sales have provided one of few bright spots for the recession-weakened U.S. economy, and currency market operators had been speculating since before the Bush trip that Washington and Tokyo would take action to rebalance trade, which is heavily in Japan's favor.

The overall U.S. trade deficit shrank in November to



McENROE UPSETS BECKER — John McEnroe hanging for a ball Friday in his Australian Open victory over Boris Becker, the defending champion. Page 15.

## 2 Die in Riots Over Food Costs In Uzbekistan

### Clashes Bring First Deaths Since Prices Began to Soar

Compiled by Our Staff From Dispatches

MOSCOW — Thousands of students angered by soaring prices smashed shop windows and fought the police in the Uzbek capital, leaving two students dead and several wounded, according to reports Friday from the area.

It was the worst disturbance — and first deaths — reported since most of the former Soviet republics freed prices on many goods earlier this month as part of a switch from a planned economy to a market one.

Several policemen were wounded in the riot, which occurred in Tashkent on Thursday night, the Russian Information Agency said.

The riots occurred the same day that the authorities of Uzbekistan freed prices and introduced food coupons.

The students broke windows of food stores displaying goods they said were now unaffordable, according to Alfred Baranov, the deputy chief of the Uzbek news agency Uztap.

They also overturned several cars and threw rocks at the police, the Interfax news agency reported. Student speakers demanded the resignation of the president of Uzbekistan, Islam Karimov.

President Boris N. Yeltsin freed prices in the Russian Republic on Jan. 2, forcing most of the other republics to take similar measures to protect their markets from Russian shoppers.

His action has unleashed fury among shoppers no longer able to afford or find foodstuffs and goods. Angry Russians have confronted him during visits to several cities since prices were freed.

The students in Tashkent tried to march to the palace of the president, said another Tashkent-based journalist, Anvar Usmonov. He estimated the size of the crowd at 10,000.

The police fired blanks in the air, he said, but when this failed to disperse the students, they opened fire with live ammunition. He added that witnesses reported seeing several people fall to the ground.

The police then dispersed the crowd, using clubs to beat the students and chasing some back to their dormitories, Mr. Usmonov said. At least 100 students were believed to have been arrested.

He said one student died on Thursday and another on Friday from his wounds. Two students remained in critical condition, he added.

Islam Abdulkhalikov, a spokesman for President Karimov, said that the "disturbance" had been sparked when drivers were late in delivering bread to shops. He said he had no information about any victims.

Commonwealth television reported later Friday that Uzbek officials had reduced prices for students in response to the riot.

The report showed the police with riot shields and helmets blocking off a large crowd of student demonstrators.

The mayor and chief prosecutor in Tashkent met with students Friday and promised to deal with their grievances, Mr. Abdulkhalikov said.

"Everything is all right in Tashkent today," he added.

But Mr. Usmonov said students held several rallies Friday and demanded revenge for the previous day's violence. A university president tried to address the students but was shouted down.

The students complained that their stipends have failed to keep pace with the rising prices and that they had not received any food coupons. Without coupons, they are unable to buy many goods in state stores.

Tashkent is about 2,500 kilometers (1,550 miles) southeast of Moscow.

So far, there have been only small, scattered protests in Russia over high prices.

Hundreds gathered Friday in front of the local government building in the Siberian city of Krasnoyarsk, said Vasilii Romanov, chairman of Russia's Federation of Independent Trade Unions.

But the republic's largest trade union failed to fulfill threats to bring thousands into the streets across Russia.

Mr. Yeltsin, in a speech to the Russian parliament on Thursday, vowed to smash what he called sabotage of his economic changes.

(AP, Reuters)

## Soviet Military Officers Take Up Political Cudgels

By Michael Dobbs  
*Washington Post Service*

MOSCOW — Dismayed by the collapse of a military superpower and angered by degrading living conditions, army officers of the former Soviet Union launched their own political movement Friday in an attempt to prevent the disintegration of the world's largest standing army.

Meeting in the Kremlin, about 5,000 elected delegates representing military units all over the former Soviet Union adopted a resolution warning that attempts to divide the army could have "tragic consequences."

They also voted to establish an elected council to express their concerns to leaders of the post-Soviet Commonwealth of Independent States.

The stormy debate at the Officers' Assembly provided a unique insight into the bitter, almost rebellious mood in many military units following moves by Ukraine and several other Soviet republics to establish their own armed forces. Speaker after speaker called for the preservation of a unified command over the 4-million-strong Soviet armed forces, and several described the dissolution of the Soviet Union in December as unconstitutional.

Tempers became particularly heated after a young officer stationed in the southern Russian region of Chechen-Ingushetia demanded the resignation of the armed forces commander, Marshal Yevgeni I. Shaposhnikov, saying that "he is not on our side."

Marshal Shaposhnikov, widely regarded as a moderate who has attempted to smooth over tensions with the politicians, announced that he was resigning and stormed out of the hall. He was eventually persuaded to resume his seat.

"What do you want me to do? Take a tank and drive on Moscow?" said the former Soviet defense minister in exasperation, explaining that he, too, was in favor of a united army but had to take "political realities" into account.

Leaders of the 11-nation Commonwealth decided at a conference in the Belarussian capital, Minsk, on Dec. 30 to allow individual republics to establish their own national

The top U.S. general defends a military budget. Page 3.

See ARMY, Page 5

## Russian Deal-Making In a Too-Free Market

By Louis Uchitelle  
*New York Times Service*

MOSCOW — Although there are not yet laws to govern the free market quickly emerging in the Commonwealth of Independent States, contracts are being signed for all sorts of deals as lawyers make up their own rules to cover what is not on the statute books.

The free market, in effect, is not waiting for a legal system. Deals are made on, although the contracts that are bringing new ventures to life might be difficult to enforce. That is particularly true of provisions that assign to a new private company such things as machinery, aircraft or buildings still technically owned by the state.

"Russian businessmen have gone ahead by the law, but goods have to move," said Armen Kazaryan, 38, a broker whose company trades such items as timber, cotton, oil and tires on Russia's not-yet-legal commodity exchanges.

And in that spirit, Russians are signing thousands of contracts, from short-form agreements for the sale of commodities to elaborate documents specifying the terms of joint ventures.

"What we do is write a statute book," said A. James Redway, head of the Moscow office of Condert Brothers, one of the American law firms that has set up shop in Moscow to earn fees writing such agreements.

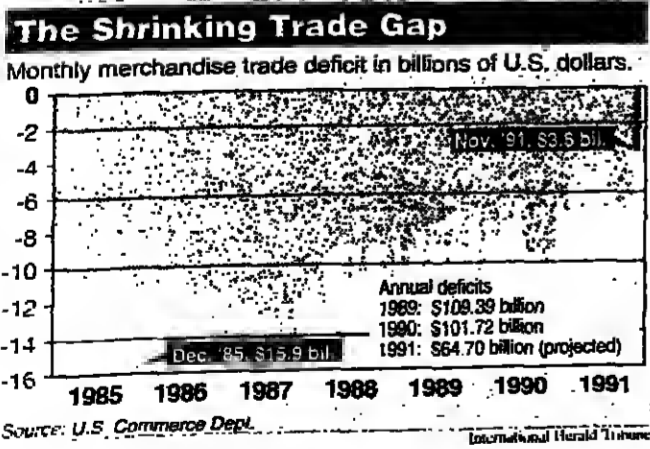
"In New York, you don't have to say that much in a contract because the obligations are clear in law and in precedent, but here you have to spell out everything."

Even then, two concepts — mutual benefit and trust — have come to play a major role in these early days of Russian capitalism. What these concepts come down to is this: If both parties to an agreement are benefiting from it, presumably they will not break the contract.

But that usually means that both parties have to make money almost from day one. Without solid contract law, it is a rare business executive, Russian or foreign, who is willing to risk investing, say,



Thousands of angry military officers gathering Friday in Moscow, where they criticized leaders of the Commonwealth.



## Saddam Now Admits Iraq Was Defeated in War

Compiled by Our Staff From Dispatches

BAGHDAD — Saddam Hussein finally conceded defeat in the Gulf War on Friday, but he served notice that he intended to rebuild his military force and again make Iraq a leading Arab power.

He made his avowal on the first anniversary of one of the most intensive air attacks in history, one that opened the war between Iraq and the U.S.-led multinational alliance that mustered more than 750,000 troops.

The Iraqi president told his nation that Iraqi forces had been outnumbered and outnumbered by forces representing "Satan and treachery."

For the first time, Mr. Saddam said that his armed forces, once numbering almost a million and the fourth-largest in the world, had been beaten by the 33-nation alliance that it faced in the war.

"If we see the confrontation within traditional material and technological considerations," he said, "then the camp of the faithful was defeated."

But Iraqis, he said, had achieved a moral victory because they had kept their faith.

"Today is the day of pride and glory and their day is worthy of God's wrath," he said, referring to the enemy. "A miracle was attained in this showdown. Faith triumphed over atheism and right triumphed over wrong."

Mr. Saddam left no doubt that he had not abandoned his dream of building Iraq into a regional superpower, an aim he has pursued for the two decades he has effectively held power.

"The wounds in the economy will be healed, God willing, and its prosperity will be everlasting," he said. "Baghdad will continue furnishing the Arabs with skills, science, technology and economic prosperity, as it did in the past."

"But this needs an arm to protect it," he said, meaning an armed force.

He stressed that science and technology must be "coupled with an influential military capability."

Mr. Saddam said that coalition forces carried out 114,000 air raids during the war. The allies

See IRAQ, Page 5

## A French Revolution Judge Gives Suspended Jail Term To Male Boss for Sexual Harassment

By Barry James  
*International Herald Tribune*

PARIS — In the first case of its kind involving a long-ignored issue, a supervisor has received a jail sentence for sexually harassing one of his female employees.

Lawyers and feminist groups commenting on the decision on Friday called it a landmark that would have an important effect in workplaces throughout the country.

The court at Lille imposed a three-month sentence on Jean-Paul Drossart, 42, after he admitted harassing a 21-year-old telephone operator by fondling and stroking her. The sentence was suspended.

He lost his job over the affair and is undergoing psychiatric treatment. The judge said the case was hardly "the affair of the century," and ruled that Mr. Drossart had not tried to use his position to threaten the woman's employment.

But the Lille branch of the Union of French Women, which brought the case to court, said the case was significant because it brought to the fore a problem that has long been ignored in France.

Josiane Sion, the union's representative in Lille, said no one had taken the problem seriously before now, and that until recently it would have been impossible to bring such a prosecution. Yet, she said, she knows from her experience of counseling victims that harassment is widespread.

"In our country there is sometimes a tradition of sexual innuendo that means that women who complain about this kind of behavior are often not taken seriously," said Isabelle Lapeyronie, a lawyer for the union, which has represented women's rights since the end of World War II.

In the years immediately following the war, France legislated equal pay and working conditions for men and women. Although this has not been achieved in practice, there is a tradition — along with the more familiar macho image — of powerful women in the workplace, most recently with Prime Minister Edith Cresson. Her view that British men are unmanly and not interested in women caused something of a scandal last year.

Sociologists say the impulse to tighten the legislation on sexual

See HARASS, Page 5

## Kiosk

- 7 Die in Ulster Roadside Bombing**  
LONDON (NYT) — A massive bomb hidden in a roadside culvert blew apart a van carrying construction workers home Friday night in rural County Tyrone, Northern Ireland, killing seven men instantly and injuring seven others. Police sources unofficially blamed the bombing on the Irish Republican Army, although no organization had yet taken responsibility for the explosion. The workers were returning from their jobs at a construction project at a British Army barracks near Omagh, about 50 miles west of Belfast.
- General News**  
Two U.S. Army divisions, after 35 years, lowered the flag in Germany. Page 3.
- Business/Finance**  
IBM's growth faltered for the first time in 45 years. Page 7.
- Money Report**  
For investors, health care and biotechnology funds were the stars of 1991. Pages 12-13.
- Crossword**  
Weather Page 2.

## For Imelda Marcos, the Shoe Fits Again

By Philip Shenon  
*New York Times Service*

MANILA — To some people, her name may be synonymous with greed and plunder and excess, but Imelda Marcos — the new candidate for president of the Philippines, who calls herself "mother of the nation" — is being greeted on street corners of the campaign trail as a resurrected heroine.

It seems as if no one remembers, or cares, about all those shoes.

At a campaign rally last weekend along the narrow streets of the working-class Manila neighborhood of Onse, Mrs. Marcos was nearly crushed as she tried to make her way past hundreds of supporters screaming "Imelda-da!"

An old woman in ragged clothes was in tears as she tried to touch the widow of former President Ferdinand F. Marcos, and to grab a few threads of the white lace handkerchief in Mrs. Marcos's right hand.

"We love you, Imelda!" she cried out. "You must be our president."

To a degree astonishing to Filipinos who remember the Marcos government and its rampant corruption and record on human rights, Mrs. Marcos is being taken seriously as a candidate in the May presidential election, the first since the Marcoses were forced into exile in 1986.

Mrs. Marcos, 62, waited in a Manila hotel room one day last week and powdered her face, preparing for a live satellite interview for "Good Morning America."

As technicians adjusted the camera angle and lights in the makeshift studio, Mrs. Marcos explained that she had joined the presidential race in part because of what she saw as the public's fury over the "sick and misguided" policies of President Corason C. Aquino.

"I am so sorry for her and ultimately for the country," Mrs. Marcos said, taking a last look in the mirror before snapping the compact shut and dropping it in her black handbag. "She had all this opportunity. Everybody wanted to give her a chance, and she blew it."

With a political shrewdness that surprises many, who know her reputation only as that of a world-class shopper, Mrs. Marcos says her attacks on the Aquino government have struck a chord with disenfranchised Philippine voters.

None of which means that Mrs. Marcos will be the next president. She faded poorly in

See IMELDA, Page 5

Ex-Leader of Georgia Musters Forces to March on Tbilisi

MOSCOW — The deposed president of Georgia mustered armed followers in the west of his country Friday and the ruling Military Council moved to cut off any possible advance on the capital, Tbilisi. Georgian officials in Moscow said they believed that up to a fifth of the country supported Zviad K. Gamsakhurdia, who was driven out of his parliament stronghold by rebel gunmen two weeks ago.

Easing the U.S.-EC Aid Feud

Washington Seeks Coordinated Delivery to Republics. By Joseph Fitchett. International Herald Tribune. PARIS — As Washington prepares a conference of about 60 nations on coordinating emergency aid to the former Soviet republics, the Bush administration is trying to avoid bickering with its European partners about who in the West has done the most and who should do more.



This photo of a Croatian soldier running for cover outside Nova Gradiska was the last transmitted by the British photographer Paul Jenks before he was fatally wounded by sniper fire near Osijek.

Diplomatic Maneuver by Italy

Wary of Germany, Cossiga Visits Croatia and Slovenia. By Alan Cowell. New York Times Service. ROME — President Francesco Cossiga of Italy on Friday became the first European head of state to visit the former Yugoslav republics of Croatia and Slovenia since their recognition as independent states by the European Community on Wednesday.

WORLD BRIEFS

Shamir Considers Early Elections

JERUSALEM (AP) — Prime Minister Yitzhak Shamir met with his coalition partners on Friday to discuss early elections after two rightist parties said they would leave his government in an effort to halt the Middle East peace talks.

3 Neo-Nazis Are Arrested in Austria

VIENNA (Reuters) — Austrian police have arrested three members of a neo-Nazi group and are questioning six others on suspicion of plotting to overthrow the government, an Interior Ministry spokesman said Friday.

Somalis Begin to Die of Starvation

NAIROBI (AP) — The International Committee of the Red Cross said Friday that some of the hundreds of thousands of refugees living in camps south of the Somali capital had begun to die of starvation.

Pakistan Affirms Atom Bomb Ability

PARIS (AFP) — Pakistan is capable of building atomic weapons but is concentrating on economic development instead, Prime Minister Nawaz Sharif said Friday after an hour of talks with President Francois Mitterrand of France.

India Rebuffs Hurd on Nuclear Issue

NEW DELHI (Reuters) — The British foreign secretary, Douglas Hurd, ended talks with Indian leaders Friday with no apparent progress on halting the regional spread of nuclear weapons or resolving conflict in disputed Kashmir.

Bush Urged to Do More for Blacks

ATLANTA (Reuters) — President George Bush courted the black vote on Friday, singing "We Shall Overcome" and in hand with the heirs of the Reverend Martin Luther King Jr. and hearing them pray that he do more for blacks.

Correction

Hebrew text in a layout describing an exhibition on Jewish life in the Martin-Gropius-Bau in Berlin was photographically reversed in Friday's editions. The Herald Tribune regrets the error.

TRAVEL UPDATE

Ghana said it would end travel restrictions to South Africa and that a direct air link might be established. (Reuters) About 3.2 million tourists visited Morocco in 1991, a 7.1 percent increase over the year before, Morocco's Tourism Ministry said Friday in Rabat. (AP)

Police Seal Off Key Algiers Mosques

By Youssef M. Ibrahim. ALGIERS — Algerian fundamentalist leaders called upon their followers Friday to pray to avoid provoking the army and security forces. Troops were deployed in strength in the capital and at key points leading into the city on a day when Muslims go en masse to the mosques.

Papandreu Calls for New Elections

By Marlise Simons. ATHENS — Andreas Papandreu made it clear Friday within hours of his acquittal on corruption charges that he is aiming to return to government. Minutes after the high court's final verdict, the former prime minister declared that he was vindicated and demanded elections immediately.

The Weather



Table with weather forecasts for various cities. Columns include region, city, and temperature/precipitation data for 'Today' and 'Tomorrow'. Includes a 'Legend' at the bottom.

DUTY FREE ADVISORY

Advertisement for Abu Dhabi Duty Free. Includes a photograph of a man in a uniform and text: "Life's special meetings. Nothing matches the delights of coming home after a long trip away... Abu Dhabi Duty Free."

Handwritten text in Arabic script: "هكذا من الأهل"



Herald International Tribune

The Presidential Mouth

George Bush long ago made himself famous for his tin ear in speech. Once he told reporters that "I hope I stand for anti-homosexuality, anti-Semitism, anti-racism,"

Band, he unaccountably referred to the "Nitty Nitty Nitty Gritty Great Bird." At times, however, the verbal lurches cannot be laughed off so easily.

A Job in the Balkans

The old, familiar Yugoslavia is finished, but the war in Yugoslavia is not. This is the precarious result brought about by the European Community in recognizing the break-away states of Slovenia and Croatia.

and Croatia for having lost a third of its territory and paid terribly in blood and treasure in the pursuit of independence.

Cool It, New Yorkers

In recent days, New Yorkers have been disgusted by several particularly repulsive crimes. A black brother and sister were attacked by four young white men and squirted with a white liquid.

evidently arose from more than one motive. The Jan. 6 incident was clearly a bias crime, as was the subsequent snarling of white paint on a 12-year-old Hispanic boy

Other Comment

South Africa and Its Debt Foreign debt has come to rank alongside inflation and unemployment as one of the most pejorative terms in the domestic economic lexicon.

ment, to follow the third such arrangement with foreign creditors which expires at the end of next year, is all it will take.

Israeli Choice: Settlements or Immigrants

JERUSALEM — Russian immigrants gather every day outside the Ministry of Immigrant Absorption, on Hillel Street in Jerusalem.

By Anthony Lewis

They are moderate people. They want peace. They want their children to have piano lessons.

years. A well-dressed woman with dark hair and high cheekbones, she is 47 and looks much younger.

Bush Prepares a Hard Line Against Settlements

NEW YORK — George Bush has a mega-joint in store for Yitzhak Shamir. The president seems ready to let the prime minister know that Israel will have to make a choice.

By Leslie H. Gelb

thinking is clear. And now, unlike a few months ago, Secretary of State James Baker seems willing to back a confrontational policy.

formula in a bill devised by Senator Patrick Leahy, chairman of the Senate foreign aid subcommittee.

two factors, Mr. Dinitz said in an interview: the situation in the former Soviet republics, and employment prospects in Israel.

Even given the difficulty of a small country absorbing mass immigration, the job performance has been weak. One reason is Israel's economic system, which remains heavily state-dominated and socialist.

The New York Times

Arguments Now Among Old Friends

By Stephen S. Rosenfeld

WASHINGTON — Most of America's foreign policy problems and battles are now with more or less democratic governments.

The new terms of tension among democracies were also on view in President George Bush's recent trip to Japan.

In Israel, meanwhile, the government in effect involves the specter of its own imminent collapse under democratic challenge in order to induce Washington not to press it too hard to move toward peace.

Not should they lose sight of the tremendous advantages — in security, in opportunities to turn to civilian pursuits, in possibilities of international cooperation — in moving to a world dominated by the principle of popular choice.

The Washington Post

Cries From the Outside Challenge Western Society

ROME — Algeria presents a moral and philosophical dilemma which goes well beyond the political issue of democratic norms and, indeed, well beyond Islam.

By Flora Lewis

meering, ostensibly the disciplines of material progress. They do not reject science, but it does not satisfy their yearnings.

At this stage, people in the ex-Soviet Union and Yugoslavia seem to be filling the gap of social cohesion — whether it was sustained by force or by self-deception — with militant nationalism.

Even in Germany, which has fulfilled its national sovereignty and has full access to Western energy and resources, material promise has not relieved bitterness.

Flora Lewis

Eastern Europe Needs More Than New Economics

ROME — The market economy is an economic mechanism which obeys its own imperatives. It has no internal ethical code: it is a machine for making, buying and selling.

By William Pfaff

might launch the re-Christianization of the Western countries, which he sees as today dominated by largely materialist values, a sterile consumerism, robbed of the spiritual dimension of existence.

a just society, restored in the East — and beyond. It wants prosperity, too, obviously; but not at any cost.

Without that, still more tests may be exacted of people who already have suffered enough. We have seen the signs — in the hatred among Serbs and Croats (with Bosnians and Albanians possibly to come), in some of the Soviet successor states and in Albania and Romania.

Los Angeles Times Syndicate

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1892: Enterprising Idea

PARIS — "I am beginning to lose faith in American enterprise," said an official of the Department of Agriculture yesterday [Jan. 17] afternoon.

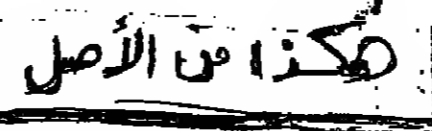
1942: Fighting in Bataan

WASHINGTON [From our New York edition:] General Douglas MacArthur's American and Filipino forces were fighting desperately today [Jan. 17] against heavy odds in the Bataan Peninsula as the Japanese launched their drive to clear the Luzon Island of its defenders.

1917: Flashy in Detroit

DETROIT — There isn't a hod carrier in this city who would be surprised to behold traffic policemen in uniforms of cloth of gold.

INTERNATIONAL HERALD TRIBUNE KATHARINE GRAHAM, ARTHUR OCHS SULZBERGER Co-Chairmen LEE W. HUEBNER, Publisher JOHN VINOCCO, Executive Editor...









MARKET DIARY

Blue Chips Finish At a Record High

Compiled by Our Staff From Dispatches NEW YORK — Blue chip stocks reached new highs on Friday, buoyed by a burst of new buying following Thursday's minor profit-taking correction.

The Dow Jones industrial average ended with a gain of 15.43 points at 3,264.98, surpassing Wednesday's record of 3,258.50. It was the seventh record close for the 30-stock Dow index this year.

Volume was heavy at 286.3 million shares on the New York Stock Exchange, but below the 336 million on Thursday. Advancing issues surpassed decliners by a 9-to-8 margin.

"It's been absolutely incredible," said Ron Doran of C.I. King & Associates. "I still find that there are buyers around out there."

The volatile session was highlighted by computer-driven buy orders related to the expiration of stock-index futures and individual stock options.

International Business Machines led the advance, rising 1% to 96, after the company said it was

ing a \$3.4 billion charge to cover the cost of an extensive reorganization. "The charge clears the deck and positions IBM for better earnings growth," said Alfred Gold-

man, market analyst at A.G. Edwards & Sons. Healthcare and drug stocks, which slumped 7 percent on average this week, advanced the most

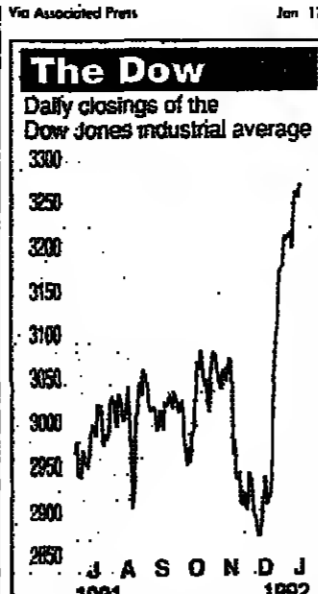
Friday as demand increased on prospects that these groups will report the most consistent earnings growth. Retail store stocks were

down the most, led by Wal-Mart Stores. Wal-Mart fell 1 to 57 after a trade group accused it of retail store chain of unfair trade practices.

Seagate Technology, the most active stock in U.S. composite trading, surged 1/2 to 13 1/2 after the company reported surprisingly strong quarterly earnings of 17 cents a share.

Apple Computer, the second most heavily traded stock, jumped 2 to 64 on a better than expected earnings report. The personal computer maker said it earned \$1.36 a share in the quarter ended Dec. 30.

Healthcare and drug stocks, which slumped 7 percent on average this week, advanced the most Friday as demand increased on prospects that these groups will report the most consistent earnings growth.



Dow Jones Averages table with columns for Open, High, Low, Last, and Close for various indices including Industrial, Chemical, and Composite.

Standard & Poor's Indexes table with columns for High, Low, Close, and Change for various industry sectors like Industrials, Utilities, and Finance.

NYSE Most Actives table listing the top trading stocks with columns for Volume, High, Low, Last, and Change.

NYSE Diary table showing advanced, declined, and unchanged issues with columns for Class and Prev.

NASDAQ Diary table showing advanced, declined, and unchanged issues with columns for Class and Prev.

AMEX Stock Index table with columns for High, Low, Close, and Change.

Dow Jones Bond Averages table with columns for Close, Prev., and Change for various bond indices.

Market Sales table showing volume for various market segments like NYSE, AMEX, and NASDAQ.

S&P 100 Index Options table with columns for Strike, Dec, and Jan prices.

EUROPEAN FUTURES table with columns for Close, High, Low, and Prev. Close for various futures contracts.

GERMAN GOVERNMENT BUNDS table with columns for High, Low, and Close for various bond futures.

INDUSTRIALS table with columns for High, Low, Last, and Settle for various industrial futures.

SOYBEANS table with columns for High, Low, Last, and Settle for soybean futures.

SOYBEAN OIL table with columns for High, Low, Last, and Settle for soybean oil futures.

COFFEE table with columns for High, Low, Last, and Settle for coffee futures.

WHITE SUGAR table with columns for High, Low, Last, and Settle for white sugar futures.

ALUMINUM table with columns for High, Low, Last, and Settle for aluminum futures.

FINANCIAL table with columns for High, Low, Last, and Settle for various financial futures.

SPOT COMMODITIES table with columns for Today and Prev. prices for various commodities.

NEW YORK STOCK EXCHANGE DIVIDENDS table with columns for Company, Dividend, and Yield.

TRADE: U.S., Japan Curb Dollar

(Continued from page 1) \$3.57 billion from \$6.32 billion in October, the Commerce Department reported. The gap was the smallest since the \$2.8 billion recorded for March 1983.

Exports in November rose 0.9 percent to \$37.46 billion while imports dropped 5.5 percent to \$41.03 billion. It was that figure that reflected the slow economy and started the dollar slipping down.

Further evidence of the U.S. economic stall arrived Friday in a government report on industrial production in December, which fell 0.2 percent, and one from the University of Michigan's monthly survey showing consumer confidence faltering in January.

"The trade and production statistics show that the economy was weak at the end of the year, and the confidence figures show that it didn't get any better in January," said David Wynn of DRI/McGraw Hill.

The import figures are part of the pattern spotted in the pre-Christmas retail trade, where sales continued satisfactorily in late summer and early autumn and then suddenly collapsed in October, leaving the pipeline full of pre-Christmas imports.

In the trade report, export gains were concentrated in capital goods and food. Mr. Wynn said that although the Japanese and German economies were slowing down,

Inflation Rises to 4.5% in Britain

LONDON — Britain's annual inflation rate rose to 4.5 percent in December from 4.3 percent in November, the government announced Friday. But the Treasury said the government remained confident it would fall to 4 percent by the end of 1992.

A Treasury spokesman said December's rise was "more than accounted for by special factors," including the fact that in the comparison month, December 1990, there had been a sharp fall in oil prices as well as cuts in mortgage rates. Retail prices seasonally adjusted rose 0.1 percent in December from 0.1 percent in the previous month, the Central Statistical Office said.

Analysts said inflation would be controlled as wage increases and price rises are checked by the recession. (AP, AFP, Reuters)

U.S. FUTURES

U.S. FUTURES table with columns for Season, High, Low, Open, High, Low, Close, and Change for various futures contracts.

WHEAT table with columns for High, Low, Last, and Settle for wheat futures.

CORN table with columns for High, Low, Last, and Settle for corn futures.

SOYBEANS table with columns for High, Low, Last, and Settle for soybean futures.

SOYBEAN OIL table with columns for High, Low, Last, and Settle for soybean oil futures.

U.S. AT THE CLOSE

U.S. AT THE CLOSE table with columns for High, Low, Last, and Close for various stock indices.

EUROPEAN FUTURES table with columns for High, Low, Last, and Close for various futures contracts.

INDUSTRIALS table with columns for High, Low, Last, and Settle for various industrial futures.

SOYBEANS table with columns for High, Low, Last, and Settle for soybean futures.

SOYBEAN OIL table with columns for High, Low, Last, and Settle for soybean oil futures.

Microsoft Earns 90 Cents Per Share

REDMOND, Washington (Reuters) — Microsoft Corp. on Friday reported higher-than-expected second-quarter earnings of \$175.2 million on revenues of \$682 million and analysts said the company's gross margins of 83.9 percent were at record levels.

In the year-earlier quarter, Microsoft had earned \$112.9 million on revenue of \$460.5 million.

NASDAQ to Launch Extended Hours

NEW YORK (Reuters) — The National Association of Securities Dealers, the group that oversees the over-the-counter market, will launch an extended-hours trading session on Monday that is intended to attract U.S. and European institutional investors.

Phibro Loss to Cut Salomon Income

NEW YORK (Reuters) — Salomon Inc. said Friday it expected a fourth-quarter loss of about \$30 million, which would reduce full-year net income to slightly over \$500 million.

Inland Takes Charge for Job Cuts

CHICAGO (Reuters) — Inland Steel Industries Inc. took a \$215 million restructuring charge in the fourth quarter to cover a 25 percent cut in its work force over the next several years and the closing of some facilities.

For the Record

Kellogg Co. reported fourth-quarter earnings of \$118.2 million, up 8.9 percent from \$108 million a year ago, on sales of \$1.45 billion. For the year, Kellogg earned \$606 million, or \$2.51 a share, compared with \$502.8 million, or \$2.08 a share, in 1990. (AP)

AIR: French Designs on U.S. Firms

(Continued from first finance page) sign company to gain control of weaponry LTV makes such as ground-to-ground missiles, anti-tank weapons and an anti-aircraft and antimissile defense system.

Frank C. Carlucci, the former defense secretary who is vice chairman of Carlyle Group, could be helpful in allaying concerns about access to LTV's weapons systems and technologies, sources said.

WORLD STOCK MARKETS

WORLD STOCK MARKETS table with columns for Country, Stock Name, and Price for various international markets including Amsterdam, Brussels, Frankfurt, London, and others.

WORLD STOCK MARKETS table with columns for Country, Stock Name, and Price for various international markets including Paris, Madrid, Sao Paulo, and others.

WORLD STOCK MARKETS table with columns for Country, Stock Name, and Price for various international markets including Tokyo, Zurich, and others.

WORLD STOCK MARKETS table with columns for Country, Stock Name, and Price for various international markets including Hong Kong, Singapore, and others.

WORLD STOCK MARKETS table with columns for Country, Stock Name, and Price for various international markets including Seoul, Taipei, and others.







# China, in Shift, Allows U.S. Firms To Compete in Shipping of Cargo

By Sheryl WuDunn  
*New York Times Service*

**BEIJING** — China has agreed to allow two American companies to compete directly with Chinese rivals in shipping the nation's cargo, resolving a long-standing dispute over market access.

The Chinese concession Thursday is expected to facilitate trade with China and perhaps reduce transportation costs. It also marked the first time that foreign companies will operate wholly owned subsidiaries in China's transportation business and directly compete with Chinese rivals.

**The concession is expected to facilitate trade with China and perhaps reduce transportation costs.**

China will still maintain full control over trucking operations to transport goods within the country, despite American demands that they be allowed to operate their own trucking services.

The decision coincided with unrelented trade talks in Washington, in which a deal has been struck on protection of intellectual property.

China's decision could avert a possible upward spiral of retaliatory measures that ultimately might have affected as much as half of the total two-way trade, estimated to be about \$24 billion last year.

"The company is very pleased," said Gary D. Gilbert, a Hong Kong-based vice president of Sea-Land Service Inc., a CSX Corp. subsidiary and one of the two American carriers granted approval to conduct business in China without Chinese agents.

The other is American President Lines Ltd.

"We're free traders," Mr. Gilbert said. "We're in the business of moving commerce between countries and the more free trade there is the better we like it."

Limited access to the Chinese market has been a major complaint of American companies and trade negotiators. The maritime dispute was reportedly raised by Secretary of State James A. Baker 3d during his visit to Beijing in November. It apparently was not directly linked to other trade issues.

In so far as the individual negotiations, it is mandated, but when looking at things like the attitude in Congress, it becomes one more log in a big fire," said a foreign businessman involved in trade between China and the United States. "It's all part of what we feel are barriers to market access."

China had effective control over the flow of goods into and out of the country, requiring American carriers to work solely through two Chinese booking agents, who in some aspects of the business were their direct competitors. In contrast, Chinese carriers were free to operate relatively openly in the United States.

In July, the U.S. Maritime Commission began an investigation into the treatment of American shipping companies in China. If the commission had determined that China indeed was unfairly restricting access, it could have imposed a charge of \$1 million on each Chinese vessel that called at an American port. The Chinese side could also have retaliated with corresponding measures.

Presumably to avoid such stiff penalties as well as an ongoing trade war, China agreed to loosen its restrictions and allow two American shipping companies to establish subsidiaries and operate branch offices in China.

Half of all trade between the countries is carried by Chinese or American ships and would have been affected by the dispute, while the remainder is hauled on ships of third countries.

Sea-Land hauls about 13 percent of the trade between the United States and China and American President holds about 10 percent of the market.

A basic understanding on the issue was reached by American and Chinese negotiators in October, but there were further disputes. It was only Thursday that the two American companies received approval to establish subsidiaries that could directly compete in China.

# Nissan Raises U.K. Investment

It Will Build 2d Model to Meet 'Brisk' European Sales

Compiled by Our Staff From Dispatches

**TOKYO** — Nissan Motor Co., Japan's second largest automaker, said Friday it would invest 45 billion yen (\$359 million) and begin production of a second model line at its British factory.

Nissan said demand was "brisk" for the Primera, which had been "enthusiastically received by consumers in countries throughout Europe. We are replacing exports to produce cars in the EC." By putting a "Made in Europe" sticker on the products, Nissan hopes to satisfy the EC Commission in negotiations on access for Japanese cars to the European market.

But the increased production by Nissan, which also makes 80,000 commercial vehicles a year in Spain, will not have such a large impact on Europe," a Nissan spokesman said, referring to an agreement last year between Tokyo and Brussels. Under that accord, Japanese carmakers have agreed to limit exports to Europe but not local production starting in 1993.

Nissan Motor Manufacturing U.K., which already builds the Primera model at its plant in Sunderland, plans to build 35,000 subcompact cars in the new model line this year, with production slated to start in the summer, the company said.

A Nissan official said annual production would be increased to 130,000 passenger cars a year eventually.

The company also announced plans to boost purchases of European car parts to £250 million (\$1.5 billion) next year, more than twice last year's level, and expand sales in Britain by increasing the number of Nissan dealers.

Supplying components to Japanese car plants could safeguard the jobs of thousands of employees in the West Midlands area, once the industrial heartland of England and now one of the areas with the highest number of unemployed. "This is of course tremendous news for the entire industry," said Don Hyatt, spokesman for Lucas Industries PLC. (AP, AFP, Reuters)

# Sansui Expects 36 Billion Yen Loss

**TOKYO** — Japan's Sansui Electric Co. said Friday that it expected to report a net loss of 36 billion yen (\$283 million) for 1991, almost twice its earlier forecast.

The troubled audio maker, whose biggest shareholder is a company that is led by Stanley Ho, the Macao casino tycoon, revised its sales forecast for the calendar year down to 21.5 billion yen. That was 17 percent below an earlier projection.

Sansui, which used to be controlled by the failed British conglomerate Polly Peck International PLC, said that the bigger-than-expected loss reflected the poor state of the audio market, high inventory levels and intense competition.

The company had hoped to contain losses at 19 billion yen, compared with the previous year's net profit of 413 million yen.

# Decision by March on GM-Daewoo Split

**SEOUL** — A decision on the break-up of General Motors Corp.'s joint venture with Daewoo Motor Corp. is expected by March, a Daewoo spokesman said Friday.

"Executives from both companies are talking about either a full or partial sale of GM's stake to Daewoo ahead of the expiration of

the seven-year contract," he said in a telephone interview, confirming a statement by a GM spokesman in Detroit on Thursday.

"The result is expected to be announced in March," the Daewoo spokesman said.

The 50-50 joint venture was launched in 1986 to produce Le

Mans sedans based on GM's German-made Opel Kadette.

Relations between the partners were strained by the export by Daewoo of 3,000 vehicles to Czechoslovakia in 1989. GM markets the Kadette, produced by its Adam Opel AG of Germany, and it regards Daewoo as its territory.

# Investor's Asia

Hong Kong Hang Seng	Singapore Straits Times	Tokyo Nikkei 225	
4639	1600	27600	
1991	1991	1991	
1992	1992	1992	
Exchange Index	Friday Close	Prev. Close	
Hong Kong Hang Seng	4,454.89	4,412.14	+0.97
Singapore Straits Times	1,532.51	1,529.05	+0.23
Sydney All Ordinaries	1,673.50	1,673.50	Unch.
Tokyo Nikkei 225	21,321.37	21,812.19	-1.35
Kuala Lumpur Composite	588.65	589.23	+0.07
Bangkok SET	770.83	742.99	+3.75
Seoul Composite Stock	616.72	610.19	+1.07
Taipei Weighted Price	5,045.94	5,022.96	+0.46
Manila Composite	1,303.30	1,276.79	+2.06
Jakarta Stock Index	251.25	249.81	+0.58
New Zealand NZSE-40	1,504.93	1,517.77	-0.85
Bombay National Index	N.A.	933.94	

## Very briefly:

- Daihatsu Motor Co. will boost passenger car production in China to 25,000 units in 1992, up 80 percent from last year, a company spokesman said, adding that the total China output of the affiliate of Toyota Motor Corp. would rise to 36,000 vehicles.
- Japan Travel Bureau, the country's largest travel agent, said Japanese travelers abroad in 1992 are expected to increase by 13.7 percent to around 12 million, while spending expands 10.7 percent to around 5.3 trillion yen (\$41.6 billion).
- Taiwan's trade with Eastern Europe and the former Soviet republics soared 56 percent last year, officials and businessmen said.
- Sony Corp. introduced an ultra-small tape recorder called the "Scopeman" that uses tapes that are about the size of a postage stamp.
- Hyundai Motor Co. workers occupying South Korea's largest auto plant clashed with managers who tried to enter gates barricaded with cars, fire trucks and tires, and about 10 managers were hospitalized.

# AMEX

Friday's Closing  
Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

Table with multiple columns containing financial data for various companies, including stock prices and volume.

Table with multiple columns containing financial data for various companies, including stock prices and volume.

Table with multiple columns containing financial data for various companies, including stock prices and volume.

# NYSE

Friday's Closing  
Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

Table with multiple columns containing financial data for various companies, including stock prices and volume.

Table with multiple columns containing financial data for various companies, including stock prices and volume.

Table with multiple columns containing financial data for various companies, including stock prices and volume.

THE REPORT

Best and Worst Fund Sectors

Value of \$100 invested Jan. 1, 1991 income reinvested.

FIRST COLUMN Health Care Funds Big 3 Woes: Time to Get Revved Up

Health Care Funds Led the Pack in '91 In U.S., Revenge of the Junk Bonds

By Conrad de Aenlle

THE shrill cry from U.S. auto executives that Japan open its market to them betrays their fear of not being able to compete in the market that matters most—the United States. Despite a dollar that's worth half as many yen as in 1985, making the price of Japanese goods more expensive, Detroit's Big 3 have steadily become the Smaller 3 in their own country, losing their share of a market that last year was smaller, in total, than in 1983. That's why it's unfair to blame the malaise in the American auto industry on Japanese trade policies or corporate cartels that favor doing business with other Japanese companies over foreign ones. There are no barriers, after all, to selling American cars in the United States, and yet General Motors, Ford and Chrysler are having a hard time doing it. If those Americans who demand that the rest of the world buy their products—and then drive home in Hondas and watch TV on a Sony—won't buy American, even when it's cheaper to do so, how can they expect anyone else to? It's doubtful that American carmakers really expect—or want—to sell more cars in Japan, even without trade impediments. Japan is not geared toward driving the way the United States is; fuel is expensive, parking is impossible in larger cities. Bigger American cars are impractical for most Japanese. That's why the announcement that Japanese carmakers will make greater efforts to sell American models at their dealerships seems little more than a gesture of graciousness to President George Bush and the auto executives who accompanied him to Japan, especially considering Americans' distaste for their own cars. A token gesture might be all the American manufacturers really want, for if the Japanese market were opened and they still couldn't sell their cars there, they would have to confront an ugly truth: They are selling fewer cars and losing market share because the quality of their cars is perceived as inferior to that of Japanese cars. Having a trade war and an outside enemy allows them to put off facing the enemy within, and it lets them enlist the aid of Congress and an administration that might be disposed to impose punitive tariffs or quotas on Japanese carmakers. That would be a short-term, and a shortsighted, solution. Until Detroit starts making cars that run better and look better, no gesture from Japan, or from American lawmakers, will reverse the U.S. auto industry, and none should be expected. A good start for U.S. carmakers, which for 20 years have chased trends in manufacturing and marketing at glacial speed rather than set them, would be to devote more of their resources to research. Another would be to end the adversarial relationship with labor, which does not exist in Japan. Studies have shown that the highest productivity is achieved using American workers and Japanese management techniques. U.S. carmakers can get all the help they need from their Japanese rivals by traveling the same route and not trying to run them off the road. C. de A.

HEALTH care and biotechnology funds ended 1991 in peak condition. High-yield bond funds lived up to their name, and the U.S. small-company growth sector was one of the higher winners in a big year. Not so, the energy service and precious metals and mining groups, which succumbed to lower oil and bullion prices. Putting money down a hole in the ground last year was like putting money down a hole in the ground. It was also like putting money in Japan and some European countries, where stocks performed drearily. Better places to invest were Latin America and the United States. U.S. equity funds rose 30.65 percent in 1991, according to the research firm Microanal, which compiled all the data for this report. That was about the same as the Standard & Poor's 500 index and far more than the average American money market fund, which was up 5.88 percent. Of the equity and bond sectors of nine large and small fund markets for which statistics were available, the U.S. stock group was by far the best performer. The next-best equity market was Britain, with a total return of 13.54 percent, when stated in dollars for comparison's sake. The Irish and offshore markets were close behind, and five Continental European markets did somewhat worse, the weakest being Germany, with a total return of 1.34 percent. No figures were available for Japan. German funds, and to an extent those across Europe, were dragged by the weak German stock market, which had a total return of just 11.25 percent, measured by the DAX index. Growth in German shares was hampered by stubbornly high interest rates, as the Bundesbank moved to keep inflation in check after unification. The tight money policy also kept a lid on bond prices in the European Community countries linked by the Exchange Rate Mechanism. Belgium came in last in bond and income funds, with a gain of 6.41 percent. The six Irish fixed-income funds did the best in Europe, rising by 12.31 percent. Offshore and British funds were just behind, up 11.08 and 10.66 percent, respectively. The best around the world paled next to the United States, just as with equity funds. The U.S. bond sector rose 18.03 percent, helped by falling rates, as the U.S. economy remained weak and inflation low. The big news in American bond funds last year was the high-yield, or junk, group. Twenty-nine of the 30 best performers were junk funds. The sector was up 36.67 percent. The reason junk did so well last year was that prices were so depressed when the year started, said Chris Molumphy, who co-manages the Franklin fund family's Age High-Income Fund, which returned 47.43 percent. "The market was extremely undervalued at the beginning of the year," he said, because the public was expecting a large number of defaults due to the cataclysmic economy. Also, there was panic selling after insurance companies and savings and loans were ordered to divest their junk portfolios. Defaults rose, as expected, to an estimated 8 or 9 percent of the total junk debt—bonds

with a rating below triple B—yet prices rose. Mr. Molumphy said, because investors tend to project into the future. That future is one of economic rebound, or at least that is the prevailing attitude. Despite the leap in junk, stocks were still the best way to invest in 1991. The key to having the best equity returns was to think small. Funds that invest in smaller companies, the emerging health and biotech sector and the fledgling Latin American markets were standouts. Seven of the 30 best funds worldwide were small-company funds. All seven invest in the United States, where the over-the-counter market of smaller issues outdistanced the shares of established, larger-capitalization companies last year. Of the 30 best U.S. funds, in fact, 11 were in the small-company sector; 13 of the top 30 in Britain and five of Luxembourg's best were small-company funds, too, but all of them invest in U.S. companies. The 83 U.S. small-company growth funds were up 51.35 percent for the year, those in Britain rose 20.43 percent, and offshore small-company funds gained 16.95 percent, outperforming equity funds in general in their respective markets. As well as small-company funds performed, they could not come close to the health and biotech sector, which was up a phenomenal 74.32 percent in the United States. The three offshore health funds rose 59.92 percent. Five of the nine U.S. health funds that were in business all year made the list of the world's 30 best. Two Luxembourg health funds were in the top 30; so was the best British fund, Framlington Health, which gained 99.16 percent, good enough for fourth place. The best health fund was Oppenheimer Global Bio-Tech, which had a total return of 121.13 percent. Ken Oberman, the fund's manager, attributes his success to a disciplined approach that keeps him only in the stocks of biotech companies—those that derive half their sales in that field—and away from other health sectors that have not performed as well. That strategy gave the fund spectacular returns, but only for those shareholders who were in it before the doors were slammed shut last spring. The problem is there are not that many good biotech companies around, and with the fund as big as it is, there was a lot more money coming in than could be prudently invested. "That's why we closed the fund," he explained. "We have to put the money to work and get it going before we can open it to other money." One other sector where money is being put to work quite well is Latin America. Three of the world's 10 best funds invested there, including Schroder Latin American, an offshore fund ranked No. 1 with a total return of 121.47 percent. Another offshore fund, Genesis Chile, gained 109.53 percent, and the Luxembourg-registered Brazilian Investment Fund gained 90.21 percent. Schroder Latin American had to cope with a steady flow of cash from investors, just as did Oppenheimer Global Bio-Tech and other funds with a limited universe of investment prospects. The Schroder fund started around Christmas 1990 with \$6 mil-

Table with multiple columns: United States, Offshore, Luxembourg, Overall, Fund Sector. Lists various fund categories and their performance metrics.

Source: Microanal

lion in assets. That has grown to nearly \$30 million. But Robert Davy, manager of the fund, said that was more of a help than a hindrance. "We have a steady flow of funds into the fund, so we make asset allocation decisions regularly," he said. Most of those decisions proved right. The fund had been heavily weighted in Argentina, the best Latin American market in 1991, then in November it made a big bet in Brazil, which quickly paid off as Brazilian shares surged. Schroder has representatives in key Latin American countries, Mr. Davy said. "One has to be constantly in touch with what's happening in each country" to invest wisely, he said. Of course, being constantly in touch with a depressed market cannot stave off losses. Ask anyone who manages a fund that invests in Japan, especially its warrant market. Funds that buy Japanese warrants were among the more conspicuous losers in 1991. Warrants are highly leveraged instruments that were designed, basically, to provide businesses with free money, or close to it. A company would float a bond issue, but instead of borrowing at market rates, it would issue warrants convertible into the company's shares at prices thought to be favorable at the time. Great idea, except the Tokyo stock market has collapsed over the last two years, so many warrants are losing value. Warrant funds are not doing much better. Six of the eight worst performers last year are warrant funds, all based in Luxembourg or offshore. (Luxembourg is regarded as an offshore investment market because of its tax-haven status, but Microanal keeps Luxembourg funds separate from those of other offshore jurisdictions in its data bases.) The losses were substantial. The last-placed Yamato Equity Warrant Fund lost 60.29 percent. The other five had losses that

clustered around 50 percent. Several other warrant funds, mainly investing in Europe, also made the bottom 30. Warrant funds are primarily an offshore phenomenon. Energy and precious metals and mining funds are everywhere, and they performed poorly all over the world. Energy and natural resources funds rose a paltry 3.80 percent in the United States, fell 4.70 percent offshore and dropped a hefty 12.50 percent in Britain. If it's any consolation to British energy fund managers and their shareholders, they beat out the country's worst sector, property, which fell 14.68 percent, dragged down by the sagging London real estate market. Precious metals and mining funds were pulled lower by falling gold bullion prices, off about 10 percent in 1991, and by lower prices in base metals. Still, British gold funds managed a 2.35 percent gain, but offshore metals funds were off 6.14 percent. The group lost 1.70 percent in the United States, but because the U.S. fund industry did so well overall, the sector's performance seems especially poor. In fact, it includes 10 of the 11 worst U.S. funds and 25 of the bottom 30. Mr. Oberman, who reaped great heights with the Global Bio-Tech Fund, was brought back to earth by another fund he manages, the Oppenheimer Gold & Special Minerals Fund. Its performance last year was nothing special, about break-even, he said. Gold used to be a play against inflation or a falling dollar, neither of which is a problem now. The public needs to find another reason to start buying. "We're searching out the situation to try to find what we can use," Mr. Oberman said. "We hope we can find one. There may be no answer." He added that gold is "not acting the way all the gold bugs said it would act" in the face of international uncertainty, of which there was a lot last year.

His hope is that supply has peaked and that demand for gold will pick up when the U.S. economy does. Prices of industrial metals, which the fund also buys, have been depressed and should bottom out this year, he said. Of the persistently weak metals markets, he said, "There's always an end in sight, it's just a matter of how far off it is." He is more optimistic about his biotech fund. "We think we'll be able to outperform the averages" this year, he predicted. "We have a number of companies in the fund whose earning power is already established." Cash in the fund will be used to buy shares in newer companies that he hopes will be tomorrow's stars. Mr. Davy is cautiously optimistic, too. It's hard not to be when a fund more than doubles in a year. In the first week of 1992, he said, the fund was up about 8 percent. "One can't really trade on a short-term basis," he warned, because of the volatility of Latin American markets. Yet, "At the moment the prospects of 1992 look very good. These markets are going to continue to have money pouring into them." He added that "valuations are still reasonable," with Chilean stocks trading at 15 times expected 1991 earnings and Mexican stocks at 13 times. The U.S. market, which has nowhere near the growth potential, is trading at roughly twice those ratios. Mr. Molumphy of Franklin thinks high-yield bonds are priced reasonably, too. "Currently, they're fairly valued," he said, although "obviously they appreciated demonstrably in '91." A rebounding economy would help the sector, but "if the economy were to continue muddling along or worse, that would negatively impact the market." He is telling shareholders to expect good returns, but he doubts they will match those of last year. Still, he added, "I didn't expect it at the start of '91."

1992 The World's Rendezvous with Europe. The IHT is now inviting concerned international companies to sponsor its highly-regarded 1992 series, which will begin its 5th year in 1992 with seven new sections. Past sponsors of this series have included: ABB, AEROSPATIALE, ALCATEL, ALLIANZ, DIGITAL, EUROPAGES, FRANCE TELECOM INTERNATIONAL, GOLDSTAR, NOKIA, RHONE-POULENC, SABENA, TOSHIBA, WESTDEUTSCHE LANDESBANK, WORLD TRADE CENTER.

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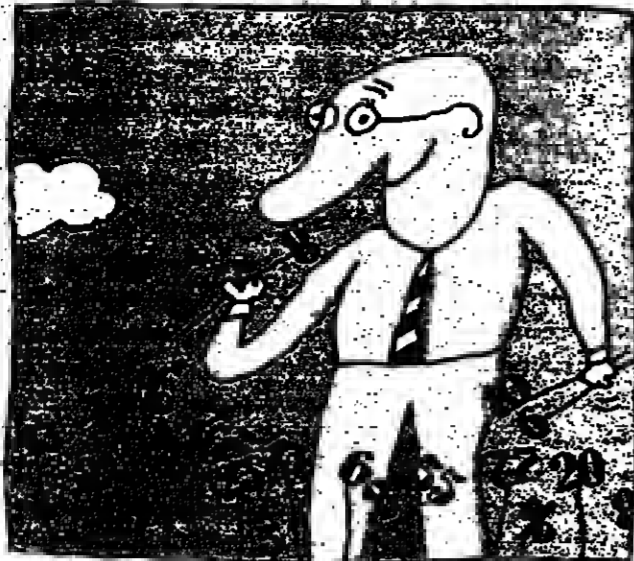
BRIEFCASE 1991 a Record Year For Equity Funds. Last year will likely prove to be the best ever in the United States for equity funds by one critical measure: attracting investors' money. Equity funds had a net cash inflow through November of \$34.84 billion, according to the latest figures compiled by the Investment Company Institute, the American fund industry group. "The first 11 months are already stupendously the best year for equity funds better than all of any year," said Betty Hart, an ICI spokeswoman. The best full year was 1986, when stock funds took in a net \$25.89 billion. Net cash inflow in November was \$3.6 billion, compared with \$5 billion in October and \$1.5 billion in November 1990. Last November was a bad month for the stock market, chilling the affection investors had shown for equity funds all year. The market rallied explosively last month, so the flow into funds should have risen. Bond and income funds probably will end up recording their second-best year. Through November they had taken in \$78.08 billion, the ICI said, a pace below the record of \$118.58 billion in 1986, the last major peak in bond prices. Bond funds brought in \$8 billion in November, compared with \$10.9 billion in October and \$2.4 billion in November the year before. Fidelity Offers Fund In Short-Term Rates. Fidelity Investments, the world's largest funds management company, has a new no-load offering called the Short-Term World Income fund, that aims to take advantage of the comparatively high interest rates available outside the United States. With rates on short-term debt instruments, such as Treasury bills, pitifully low (around 4 percent) in the United States, an increasing number of American fund companies are looking abroad for higher yields, and investors are going with them. This fund sector, which barely existed two years ago, has become one of the hotter ones in the industry, thanks to short-term rates that top 9 and 10 percent in many European countries. The minimum investment in the Fidelity fund is \$2,500, or \$500 for retirement plans, and shareholders can write free checks on their account balances. Further information is available in the United States by calling 1 (800) 544-8888. Channel Islands Firm Starts Fund Service. Cater Allen Financial Services, an investment firm in Jersey, Channel Islands, has begun marketing fund and portfolio management services for overseas clients. The fund service, which has a minimum investment of £25,000, or about \$46,000, offers a choice of three portfolios: international growth, fixed income or one combining the two. The management service requires an investment of at least £100,000, which can be placed in international share, bond or other markets. For further information, call 44 534 78998 outside Britain, or 0534-78998 inside.

THE MONEY REPORT

In a Gloomy Marketplace, a Good Stockpicker Is Worth His Gilt-Edged Weight

By Rupert Bruce

WITH THE prospect of many stock markets expected to be bleak this year, the importance of picking the stocks that excel no matter what is greater than ever. Those mutual fund managers who do well shine.



around 10 percent last year as it became evident that European economies were slowing. The broker Barclays de Zoete Wedd expects Continental Europe to achieve economic growth of 1.7 percent this year, with the Financial Times-Accuaries World Index Europe (excluding Britain) rising by 15 percent. But much depends on when the Bundesbank drops interest rates.

problem with the Cannon North American fund, which his firm, Druidade Securities, is contracted to run. Stocks such as Home Depot have propelled his fund through all sorts of market squalls. He bought the do-it-yourself store in 1987. Since then sales have rocketed from \$1 billion a year to \$3.8 billion in the 1990-1991 financial year. The stock price has multiplied almost 10 times to \$67.

Yet, not all investment managers are so-called stockpickers. Many use sophisticated computer software to choose a small selection of stocks that will track a stock market index. They may then take out stocks in industries that look like they will perform badly and buy more shares of the ones that look good.

theories the performances of many funds stand or fall. A true stockpicker treats those techniques with disdain. He screens companies in industries he favors with an array of financial ratios plucked from their balance sheets. If companies look cheap, he will examine them more carefully and if he still likes them, buy a stake.

Certainly, some of the world's stock markets have been dull over the last few years. The Japanese market, measured by the Nikkei Dow Index fell off a cliff in 1990 after almost a decade of constant growth. By the end of the year it was down 40 percent.

The sustained rise of Mr. Pulsford's fund illustrates how good stockpickers can buck falling markets. According to Micropal, \$100 invested in the Morgan Grenfell Japan Smaller Companies fund at the end of 1989 would have been worth \$264.50 by the end of 1991. Meanwhile the Japanese 2d Section Index, which tracks all but the biggest companies, has fallen about 15 percent.

In the United States, a British unit trust, or mutual fund, called Cannon North America run by the stockpicker Martin Brooke took 1991's S&P 500 performance and doubled it. Micropal's figures show that \$100 invested at the end of 1990 would have been worth \$177.60 by the end of 1991.

Investment managers have come under pressure to match stock market indices since they were first used as yardsticks in the 1970s. The fund's performance is usually measured every three months and if it is much less than the index, the manager may have some explaining to do.

More adventurous managers may load up with index-tracking stocks when they think the stock market is on the brink of a bull run and sell some when a fall is expected. The central decision-maker is probably an economist upon whose

But in Europe, one of the most successful stockpickers, Anthony Bolton, has come under attack last few years. While his flagship

fund, a British mutual fund called the Fidelity European Fund, still has an outstanding record over the last five years, \$100 invested for the course of 1991 would have been worth only \$94.50.

Mr. Brooke's outstanding performance is all the more remarkable because he has no high-tech office but two small rooms in one of the City of London's more ramshackle buildings.

U.S. Exchanges to List Biotech Indices Options

THE Chicago Board Options Exchange and the American Stock Exchange have filed for regulatory approval to list options on indices of American biotechnology stocks, lately the hottest group on Wall Street.

National Association of Securities Dealers Automated Quotation system. The Amex index includes 15 larger and better-established companies traded on the NASDAQ.

"BioTech Index options will provide retail and institutional investors with... an effective means for hedging the risks of biotech portfolios. Duke Chapman, chairman of the CBOE, said in a statement, "and will offer a low-cost means of repositioning the composition of a broader-based equity portfolio."

That means investors who missed the rally in biotech shares but still want to give them a little cash speculation on them without having to buy the stocks outright.

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Table of financial data and market indices, including sections for AAACUS FUNDS, INTER STRATEGIE, and various international market reports.

Table of financial data and market indices, including sections for INTER NATIONAL FUNDS, various international market reports, and currency exchange rates.

Table of financial data and market indices, including sections for Other Funds, various international market reports, and currency exchange rates.





DAVE BARRY Dial M for Mayhem

M IAMI— Question. Can you explain how electronic voice mail works? Answer. To find out how electronic voice mail works, please select Answer One.

of her hearing, but her father, a federal judge and karate instructor, would urge her to see me? A. For situations like this, there will be a special Emergency Code that the caller could dial.

Director Kasdan: Who's a Yuppie Anyway?

By Bernard Weinraub New York Times Service

LOS ANGELES— Lawrence Kasdan should be one of the happiest filmmakers in Hollywood. But he's not. A highly talented and successful screenwriter and director, Kasdan, who celebrated his 43rd birthday on Tuesday, says he's delighted that his latest movie, "Grand Canyon," is stirring debate and discomfort among audiences and that the film seems to be moving toward financial success.



Steve Martin and Kevin Kline in "Grand Canyon"; director Lawrence Kasdan fights back against film's critics.



Steve Martin and Kevin Kline in "Grand Canyon"; director Lawrence Kasdan fights back against film's critics.

word yuppie was over used again. I find it really repellent. It's often used by movie reviewers to distance themselves from middle-class life, as though they weren't part of the middle class.

KGB Secrets on Screen? It's Not Entirely Clear

During the Cold War, American television offered "The FBI," with J. Edgar Hoover getting script approval. Now, for the post-Cold War era, comes what might be called "The KGB," without the script approval. Davis Entertainment Television says that after months of negotiations with Russian authorities, it has acquired exclusive rights to present "top-secret KGB accounts," the first one being how the Soviet Union stole U.S. A-bomb secrets. There may be a hitch, though, reported Lloyd Grove of The Washington Post—like the information early Friday that Russian President Boris Yeltsin had just fired as chief of intelligence the man whose signature is on the contract.

Art Buchwald and a colleague, the producer Alain Bernheim, filed court papers in Los Angeles demanding \$28 million in their suit against Paramount Pictures over the Eddie Murphy movie "Coming to America." A court has already ruled that the movie was based on an idea by Buchwald. The question of damages is scheduled to reach court beginning March 2.

La Toya Jackson has signed a two-year contract to head the revue at Paris's Moulin Rouge nightclub. The club's management said Friday that Jackson, 36, an older sister of Michael Jackson, will sing, dance and emcee the revue. The club said the contract was the result of two years of negotiations, but would not reveal the money involved. The daily Franco-Soviet reported that production costs would be 50 million francs (\$9.1 million).

The film director Spike Lee will make his first trip to South Africa next week to shoot scenes for a film about the black radical leader Malcolm X. The Weekly Mail in Johannesburg said he would spend five days in the country to shoot scenes in Soweto township. Lee, who does not allow his films to be shown on general release in South Africa, was also reported to be planning workshops for black filmmakers during his stay in the country.

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Arabic calligraphy: هكنا من الأرحم